

WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION
Community Nutrition Programs
Child and Adult Care Food Program

Guidance Memorandum C: For Sponsoring Organizations of the Child and Adult Care Food Program (CACFP) in
Day Care Homes

Topic: Rates of Reimbursement Effective July 1, 2009 - June 30, 2010

Date: July 2009

Based on the location of the home and/or the income level of the provider and the households of the children in care, the home qualifies for either Tier I or Tier II rates.

	<u>Tier I</u>	<u>Tier II</u>
Breakfast	\$1.19	\$0.44
Lunch/Supper	\$2.21	\$1.33
Supplement	\$0.66	\$0.18

The maximum monthly administrative rates for sponsoring organizations of day care homes are:

First 50 homes	\$100 per home
51 to 200 homes	\$76 per home
201 to 1000 homes	\$60 per home
Each home over 1000	\$52 per home

The administrative payment for the fiscal year may not exceed the lesser of 1) actual expenditures for the costs of administering the program less income to the program, or 2) the amount of administrative costs approved by the Department in the sponsoring organization's budget, or 3) the sum of the products obtained by multiplying the number of homes submitting claims each month times (x) the administrative rates established by the U.S. Department of Agriculture (USDA). Sponsoring organization administrative payments are further limited to no more than 30 percent of the total amount of sponsor administrative payments and meal service payments made to day care homes. This second limit ensures that the cost of delivering Program benefits will not be excessive in comparison to the value of benefits delivered.

The 30 percent limit must be calculated independently from the homes times rates/costs/budget comparison. For administrative payments to be no more than 30 percent of the total of administrative and food service payments, they must be less than or equal to 42.9 percent of food service payments. (Refer to the Attachment to see how this percentage is derived.)

Attachment

Calculating Maximum Administrative Payments as a Percentage of Food Service Payment

Let A = Maximum Administrative Payments

Let B = Food Service Payments

The maximum allowable amount for A is 30% of (A+B), or $.3(A+B)$.

For A to equal 30% of (A+B), A must be equal to 42.9 percent of B. This percentage is calculated as follows:

$.3(A+B) = A$ (The maximum administrative payment is 30 percent of the total of Administrative Payments plus Food Service Payments)

$.3A + .3B = A$ (Same equation as above, but the terms on the left side are multiplied out)

$.3B = .7A$ (Subtract $.3A$ from both sides of the equation so that the A term is on one side and the B term on the other.)

$\frac{.3B}{.7} = A$ (Divide both sides of the equation by $.7$ to determine the ratio of A to B. Administrative Payments can be equal to no more than $\frac{3}{7}$ of Food Service Payments)

$.429B = A$ (Divide $.3$ by $.7$ to get the decimal equivalent of the ratio to use in calculating the 30 percent limitation.)

A sponsor's maximum administrative reimbursement for a fiscal year is the SMALLEST of:

- (1) the sum of the number of operating homes times the per home administrative rate for all operating months,
- (2) the sponsor's actual administrative costs,
- (3) the sponsor's approved administrative budget, or
- (4) $.429$ times the total value of food service payments earned by the sponsor's homes (30% limitation)

Taken from: MWRO\CACFP_Policy_Memorandum\FY2001-#13 [*Calculating and Applying the 30 percent limitation on Administrative Reimbursement for Sponsoring Organizations of Day Care Homes in the Child and Adult Care Food Program (CACFP)*]